

107TH CONGRESS
1ST SESSION

H. R. 426

To amend the Internal Revenue Code of 1986 to provide a tax credit to employers for the value of the service not performed during the period employees are performing service as members of the Ready Reserve or the National Guard.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2001

Mr. BILIRAKIS introduced the following bill; which was referred to the
Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to provide a tax credit to employers for the value of the service not performed during the period employees are performing service as members of the Ready Reserve or the National Guard.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. READY RESERVE-NATIONAL GUARD EMPLOYEE**

4 **CREDIT ADDED TO GENERAL BUSINESS**

5 **CREDIT.**

6 (a) READY RESERVE-NATIONAL GUARD CREDIT.—

7 Subpart D of part IV of subchapter A of chapter 1 of

1 the Internal Revenue Code of 1986 (relating to business-
 2 related credits) is amended by adding at the end the fol-
 3 lowing new section:

4 **“SEC. 45D. READY RESERVE-NATIONAL GUARD EMPLOYEE**
 5 **CREDIT.**

6 “(a) GENERAL RULE.—For purposes of section 38,
 7 the Ready Reserve-National Guard employee credit deter-
 8 mined under this section for the taxable year is an amount
 9 equal to 10 percent of the unpaid compensation amount
 10 for the taxable year.

11 “(b) DEFINITION OF UNPAID COMPENSATION
 12 AMOUNT.—For purposes of this section, the term ‘unpaid
 13 compensation amount’ means the amount of compensation
 14 which ordinarily would have been paid or incurred by an
 15 employer with respect to a Ready Reserve-National Guard
 16 employee on any day during a taxable year but was not
 17 paid because the employee was absent from employment
 18 for the purpose of performing qualified active duty.

19 “(c) LIMITATIONS.—

20 “(1) MAXIMUM CREDIT.—The maximum credit
 21 allowable under subsection (a) shall not exceed
 22 \$2,000 in any taxable year with respect to any one
 23 Ready Reserve-National Guard employee.

24 “(2) DAYS OTHER THAN WORK DAYS.—No
 25 credit shall be allowed with respect to a Ready Re-

1 serve-National Guard employee who performs quali-
2 fied active duty on any day on which the employee
3 was not scheduled to work (for a reason other than
4 to participate in qualified active duty) and ordinarily
5 would not have worked.

6 “(d) DEFINITIONS.—For purposes of this section—

7 “(1) QUALIFIED ACTIVE DUTY.—The term
8 ‘qualified active duty’ means—

9 “(A) active duty, other than the training
10 duty specified in section 10147 of title 10,
11 United States Code (relating to training re-
12 quirements for the Ready Reserve), or section
13 502(a) of title 32, United States Code (relating
14 to required drills and field exercises for the Na-
15 tional Guard), in connection with which an em-
16 ployee is entitled to reemployment rights and
17 other benefits or to a leave of absence from em-
18 ployment under chapter 43 of title 38, United
19 States Code, and

20 “(B) hospitalization incident to such duty.

21 “(2) COMPENSATION.—The term ‘compensa-
22 tion’ means any remuneration for employment,
23 whether in cash or in kind, which, if paid by the tax-
24 payer, would have been deductible from the tax-
25 payer’s gross income under section 162(a)(1).

1 “(3) READY RESERVE-NATIONAL GUARD EM-
 2 PLOYEE.—The term ‘Ready Reserve-National Guard
 3 employee’ means an employee who is a member of
 4 the Ready Reserve or of the National Guard.

5 “(4) NATIONAL GUARD.—The term ‘National
 6 Guard’ has the meaning given such term by section
 7 101(c)(1) of title 10, United States Code.

8 “(5) READY RESERVE.—The term ‘Ready Re-
 9 serve’ has the meaning given such term by section
 10 10142 of title 10, United States Code.”.

11 (b) CREDIT TO BE PART OF GENERAL BUSINESS
 12 CREDIT.—Subsection (b) of section 38 of such Code (re-
 13 lating to general business credit) is amended by striking
 14 “plus” at the end of paragraph (11), by striking the period
 15 at the end of paragraph (12) and inserting “, plus”, and
 16 by adding at the end the following new paragraph:

17 “(13) the Ready Reserve-National Guard em-
 18 ployee credit determined under section 45D(a).”.

19 **SEC. 2. CONFORMING AMENDMENT.**

20 The table of sections for subpart D of part IV of sub-
 21 chapter A of chapter 1 of the Internal Revenue Code of
 22 1986 is amended by inserting after the item relating to
 23 section 45C the following new item:

 “Sec. 45D. Ready Reserve-National Guard employee credit.”.

1 **SEC. 3. EFFECTIVE DATE.**

2 The amendments made by this Act shall apply to tax-
3 able years beginning after December 31, 2000.

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